

NEW ZEALAND GRASSLAND ASSOCIATION

Financial Management & Audit Committee procedures

The NZGA Executive Committee,
Review date: March 2018

Financial Management

Purpose:

The purpose of the NZGA financial Management is to ensure the Association has the resources to fulfill its Objects (NZGA Rules 2) , in particular the annual conference and other membership services.

The financial management of NZGA is the responsibility of the Executive through the Audit Committee and the Executive Office by contracted services.

While the Audit Committee's function is oversight, and Executive Office's function is management of the finances, the members of the Audit Committee have roles as signatories to the bank accounts.

Audit Committee

Purpose:

The Audit Committee will assist the Executive in the oversight of the quality and integrity of the Association's financial statements, the Association's structure for compliance with legal and regulatory requirements, performance and independence of the Association's appointed financial compilers and the effectiveness of the Association's internal processes and controls. The Audit Committee's function is oversight, it is not their duty or responsibility to conduct auditing or accounting reviews (NZGA Rules 17 (c), (d)).

Composition:

The Audit Committee is a subcommittee of the NZ Grassland Association Executive Committee. It will be made up of 2-4 Executive Committee members chosen by the Executive. Members of the Audit Committee shall nominate a Chairman who will report to the Executive on relevant matters (NZGA Rules 17 (a), (b)). The President will sit on the Audit Committee ex-officio.

1. Annual Procedures:

- 1.1 Executive Committee to meet within a month of the AGM to appoint members of the Audit Committee
- 1.2 The Audit Committee within a month of being appointed shall:

- Elect a Chairman
 - Review authorisations for bank accounts and credit card
 - Review who is authorised to make contracts, incur debt.
- 1.3 Make sure directives/actions have been minuted and acted upon in an appropriate time span.
 - 1.4 Ensure Executive reviews budget and final conference revenue and expenditure
 - 1.5 Ensure an annual financial budget for the Association, including a line item for the annual Conference is prepared at the beginning of the financial year
 - 1.6 Ensure Association is following NZGA Rules 17(d) in preparation of Annual Accounts.
 - 1.7 Ensure Association is following NZGA Rules 17(e): Review of the annual accounts will be conducted by an independent accountant every 3 years or as required by the NZGA Executive Committee and within 1 year of a new executive office contract.

2. *Quarterly Procedures:*

- 2.1 Look at membership numbers and confirm that subscription income matches
- 2.2 Look at receivables
- 2.3 Calculate approximate interest due and see that it lines up with bank payments
- 2.4 Review internal processes and timing and highlight any issues with Executive Committee

3. *Monthly Procedures:*

- 3.1 On a random basis view a sample (or all) of invoices and check documentation concerning validity and authorisation for payment
- 3.2 The Executive Officer/Financial manager will be responsible for invoicing and receipting of all monies (using MYOB)
- 3.3 The Audit Committee will review the following reports monthly after reconciliation of the bank account (the remainder of the Executive will receive the monthly reports as well)
 - Reconciliation report
 - Profit and Loss
 - Balance Sheet
 - Trial Balance
 - P & L Budget Analysis (Aug to month end)
- 3.4 Note for what to look for:
 - Check all reports have same period ending date.
 - Ensure that the accounts reconcile with what is in bank account at that date
 - Ensure that Trial balance Dr and Cr balance.
 - Ensure that P&L surplus/deficit is transferred to Balance Sheet.
 - Assess P&L against budget.

4. *Procedures at Executive meetings*

- 4.1 The Chair of the Audit Committee to provide a summary of the financial position of the NZGA to the wider Executive, including any significant unbudgeted items and the latest NZGA budget to date.

5. *Procedures to ensure integrity of financial transactions:*

- 5.1 Bank access will be approved for the Executive Officer/Financial manager to process payments
- 5.2 All banking transactions shall require authorisation or signatures by two approved Executive Committee members. *(The Bank process to add new signatories requires existing signatories to sign the form as well as the new signatory, accompanied by the new signatory presenting photo id and proof of residential address)*
- 5.4 Only issue a receipt if an invoice has been issued prior
- 5.5 All transactions entered into software with proper debit and credit, no offsetting of amounts
- 5.6 No private transactions through Association accounts
- 5.7 A credit card for the Executive Office has been established with a maximum limit of \$5,000 for NZGA use only (as per 5.6 above).

6. *Procedures for Managing Bank Accounts:*

- The BNZ Accounts are “owned” by members of the Executive. Currently (2016) they are Laurie Copland, Aaron Meikle, Graham Kerr and David Chapman.
- To remove and add names to Account ownership requires a motion of Executive. A copy of the minutes showing this motion with the President’s signature is sent to the bank. A form is then sent from the bank. All names of new owners needs to be on it to be signed by all and sent back. Contact with the Bank is through Small Business Section.
- Two of the “owner” signatories are required to sign cheques which may be different for on-line signatories.
- Two signatures are required to authorise internet bank payments that have been set up by the Executive Office.
- Currently (2018) there are four signatories for on-line banking, L Copland, Graham Kerr, David Chapman and Aaron Meikle. Same procedure as above to change names.
- The on-line Administrators are Graham Kerr and Laurie Copland. These Administrators allocate the powers and roles of the on-line signatories.

Executive Office

This is a contracted service to supply:

1. Financial Services

1. The financial management includes budgeting, membership invoicing, conference budget and registration, and managing current accounts.
2. Maintain the NZGA finances; keeping President, Audit Committee and Executive current on the financial position of the NZGA.
3. Undertake approved, accurate and efficient financial practices as per the NZGA Audit Committee guidelines.
4. Invoice, receipt and process payments for the approx. 2000 - 2500 transactions required per year.
5. Assist LOC with Conference budget.
6. Co-ordinate approvals for, and payment of, invoices for services supplied to the annual conference.
7. Manage the legislative requirement of the Association including tax obligations and filing of documents with Government.
8. Prepare and complete the final annual accounts of the NZGA, in association with the NZGA Accountant.
9. Prepare a draft annual budget for the audit committee for Exec approval at least one month prior to the start of the financial year.
10. Provide the Audit Committee chair with advice on surplus cash and potential deposit options. Monthly, prepare a summary of the financial position, reconciliation, transactions of income and invoices paid, for the Audit Committee.
11. For each Executive meeting (approximately 5 per year), prepare a financial summary of the financial position of the NZGA, including funds held and summary of actual vs budget expenditure for current financial year to date. Note: MYOB software is owned & supplied by the NZGA, so that ownership of information in the MYOB system remains with NZGA.
12. Manage Audit of the NZGA accounts as requested in negotiation with the NZGA executive on an occasional basis, in line with NZGA Rules 17(e).

2. Membership Services

1. Annual membership invoicing.
2. Maintain the NZGA membership details including – contact details, email database, and current financial position

NZGA Financial Calendar

Monthly: Reports sent to Audit Committee as per Audit Committee Procedures (3.3)
EO to manage all current invoicing and receipts, and payments due

Exec Meetings Reports: As per Audit Committee Monthly procedures (3.3)
Bank Ac/- amounts

June 30th: LOC budget to Exec.Office

August 31st: NZGA budget with LOC budget incorporated to Exec

August: Exec adopt budget

November: Appoint Audit Committee within month of AGM
Appoint Chair of Audit Committee within Month of appointment of AC